Letter from our CEO

In addition to our strong culture and world-class service we provide to our clients, Paylocity is committed to being a leader in social and environmental responsibility, and corporate governance. We have programs in place across our business to deliver on that commitment. Our Diversity Leadership Council, led by our Chief Diversity Officer, strives to create an environment that’s focused on diversity, equity, and inclusion in everything we do at Paylocity.

Also, our employee resource groups, or ERGs, are organized to give employees the chance to build community and connections, voice their ideas and perspectives, personally develop and grow, and shape our culture to make a difference at work and in our local communities. Our sustainability initiatives focus on improving our business practices and driving greater sustainability and environmental awareness, both inside and outside of Paylocity. We also give back to our local communities through our PCTY Gives program, where we donate directly to charities across the country, and through our Elevate your Passion grants, where our employees can direct donations to organizations they support.

Our executive team is also focused on responsible corporate governance, with oversight by our board of directors, to provide full transparency and adhere to the highest ethical values. Among our governance initiatives, data and cyber security are at the forefront of our risk management efforts, and we continuously invest in our information security to protect our clients’ sensitive data.

We’re proud of our progress so far, though we recognize these efforts require ongoing commitment, focus, and investment along our journey together. I invite you to review our corporate social responsibility report to learn more about our continuous pledge and efforts on these very important topics.

Steve Beauchamp, CEO, Paylocity
Investing in Our People

To fully understand what our brand promise “Forward Together” means, we must first look back to the earliest days of Paylocity, when we were just a startup in a basement office. It was a small team bound together by a single belief — that we could change the industry. While some providers touted technology and others centered on service, we’d offer both in equal measure. A great product allows for a great service experience, but the key ingredient — the thing that’s separated us from the very beginning, the magic of Paylocity — is our people.

As a “people-first” company, we continue to invest in our employees with a focus on holistic health and wellness programs, ongoing training and development courses, tuition assistance and reimbursement, and more.
Supporting the Whole Person

We take a holistic approach to well-being, with a focus on physical, mental, and financial health.

**Physical**

In our offices, we offer free nutritious snacks, in-house workout facilities and yoga classes, and sit-stand desks at all of our ergonomic workspaces to help people feel their best. We even help people get moving outside the office with free health programs and wellness reimbursements.

**Mental**

Paylocity partners with MeQuilibrium to support and empower our employees in their mental health journey. Through MeQuilibrium, we empower our employees with the skills they need to succeed in work and life with a personalized, skill-building experience.

**Financial**

It’s important to us that we support our employees’ financial wellness in the near- and long-term. We offer resources like a competitive 401(k) plan with employer match, employee stock purchase plan, financial planning resources, scholarship opportunities, refinancing partnerships with top institutions, and tuition reimbursement.
Employee Development

Forward Together starts inside with helping our people succeed today and tomorrow. Development opportunities abound to help lay the path for a stellar career, all the way from early career to leadership and beyond.

Emerging Leaders

Our Emerging Leaders Program is designed around a two-year learning journey, where candidates complete four separate six-month rotations through our Operations business. Through these rotations, candidates complete complementary learning experiences while they work on business projects.

This gives our Emerging Leader Associates an opportunity to get an accelerated view into our business, while also challenging them to quickly grow from new college grad to respected Paylocity leader.

Leadership Training

Our leaders play an instrumental role in shaping our culture, attracting and retaining top talent, and driving employee engagement. Our comprehensive leadership training program series – Leader of Others – is designed to grow and develop the leadership capabilities and competencies of leaders across Paylocity.

The program includes a mix of instructor-led sessions, performance support tools, and other resources, all designed to help our leaders develop their teams, inspire trust, execute on strategy, and coach for potential.
Diversity, Equity, and Inclusion

We believe deeply that people matter most and that differences of experience and perspective make us stronger together. We’re committed to lead by example to forge a path forward where dignity, respect, safety, and justice are for all. Our diversity, equity, and inclusion policies and programs help bring our values and vision to life.

“Paylocity is a place where diversity, equity, and inclusion are more than just words, they’re the behaviors and actions that guide us on a daily basis. I’m proud to be part of an organization that’s committed to creating positive, inclusive employee experiences and sharing those best practices with our clients.”

– Tauhidah Shakir, VP of HR, Chief Diversity Officer
Diversity Leadership Council

The DLC consists of cross-functional department leaders who represent and reflect the diversity of our organization. This group works together to provide strategic management and direction around inclusion and diversity strategies across the organization, while working hand in hand with employee resource groups toward those goals. The DLC is led by VP of HR, Chief Diversity Officer, Tauhidah Shakir.

**Tauhidah Shakir**
DLC Chair
VP of HR, Chief Diversity Officer

“By having a team of cross-functional leaders focused on DE&I, I hope to ingrain DE&I into the fabric of everything we do at PCTY. Leading the DLC is important to me because through my personal experiences, I understand what it feels like to be on the outside looking in and how impactful it is to be heard, seen, and valued.”

**Van Dickerson**
Director of Sales

“I hope to be a voice of reality and a conduit to real relationships to help eliminate all unfair treatment and to promote the understanding of differences.”

**Jamie Grasso**
Director of Corporate Citizenship

“I’ve focused my nonprofit work in the areas of diversity, equity, and inclusion, need-based community outreach, and differently-abled services. After working with Paylocity on a consultancy basis, I officially joined the team in August of 2019 to help bring the vision of corporate citizenship to life for PCTY.”

**Cammie Bricker**
Director of Learning & Development

“Making a positive impact on our organization is very important to me. I believe we all have a role in supporting diversity, equity, and inclusion, and I’m confident the DLC can influence forward progress.”

**Ruben Carvajal**
Director of Operations, Tech Services

“Because of my Latino background, I’ve experienced firsthand some of the challenges a person will face integrating into a new culture. This understanding fuels me to elevate voices of underrepresented minorities and create developmental opportunities for their personal growth.”

**Andy Cappotelli**
Chief Compliance Risk Officer

“My initial goal for the DLC is to develop a set of strong foundational principles that help further enhance Paylocity’s commitment to a diverse and inclusive culture.”

**Mukul Varma**
Director of Product and Tech

“I’m passionate about this opportunity because I want everyone to feel included in a diverse environment that brings out the best in us. We can accomplish so much together, not only as a business, but as human beings.”

**Sunny Bhatia**
Director of Sales

“As a passionate individual with a diverse background, it’s important to me to bring multiple individuals into Paylocity to have our company move #ForwardTogether! Being part of the DLC will help me better understand how our company will grow and make a long-lasting impact for diversity and inclusion.”

**Jan LeTourneau**
VP of Implementation

“I’m excited to help define what diversity means for Paylocity, how we grow and appreciate diversity in our teams, and finally, how we empower diverse thought and leadership in all levels of our organization.”

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**Rebekah Wolford**
DLC Co-Chair
Director of Organizational Development

“I’m excited to be a part of the DLC, where we’ll serve as thought aggregators on DE&I, using insights gleaned from our employees and from DE&I best practices, to create programs that drive social change within our virtual walls.”

**Jan LeTourneau**
VP of Implementation

“I’m excited to help define what diversity means for Paylocity, how we grow and appreciate diversity in our teams, and finally, how we empower diverse thought and leadership in all levels of our organization.”
Our Diversity, Equity, and Inclusion Journey

Transparency is an important part of the diversity, equity, and inclusion journey, so we’re sharing annual data to help our employees, clients, and partners see where we stand today. We’re proud of the progress made so far, but also know there’s much work to do.

2021 Employee Data – All Roles
as of June 30, 2021

Employee Gender Representation

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th></th>
<th>Men</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>48.6%</td>
<td></td>
<td>51.3%</td>
<td></td>
</tr>
<tr>
<td>Undisclosed</td>
<td>0.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Employee Race & Ethnicity Representation

<table>
<thead>
<tr>
<th>Population</th>
<th>Women %</th>
<th>Men %</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>69.0%</td>
<td>31.0%</td>
</tr>
<tr>
<td>Hispanic or LatinX</td>
<td>11.0%</td>
<td>89.0%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>7.4%</td>
<td>92.6%</td>
</tr>
<tr>
<td>Asian &amp; Indian</td>
<td>5.4%</td>
<td>94.6%</td>
</tr>
<tr>
<td>Undisclosed</td>
<td>3.1%</td>
<td>96.9%</td>
</tr>
<tr>
<td>Multiracial</td>
<td>3.5%</td>
<td>96.5%</td>
</tr>
<tr>
<td>Native Hawaiian or Pacific Islander</td>
<td>0.3%</td>
<td>99.7%</td>
</tr>
<tr>
<td>American Indian or Alaskan Native</td>
<td>0.3%</td>
<td>99.7%</td>
</tr>
</tbody>
</table>

Employee Underrepresented Minority Population

| Hispanic/Latinx, Black, Asian & Indian, Native Hawaiian/Pacific Islander, American Indian/Alaskan Native, and Multiracial Employees. | 27.9% |
2021 Employee Data - Leadership (Director+)
as of June 30, 2021

Employee Gender Representation

42.7% Women
57.3% Men
0.0% Undisclosed

Employee Race & Ethnicity Representation

83.5% White
43% Women | 57% Men

1.0% Hispanic or LatinX
100% Women | 0.0% Men

1.9% Black or African American
100% Women | 0.0% Men

10.7% Asian & Indian
27.3% Women | 72.7% Men

2.9% Undisclosed
33.3% Women | 66.7% Men

0.0% Multiracial
0.0% Women | 0.0% Men

0.0% Native Hawaiian or Pacific Islander
0.0% Women | 0.0% Men

0.0% American Indian or Alaskan Native
0.0% Women | 0.0% Men

Leader Underrepresented Minority Population
Hispanic/LatinX, Black, Asian & Indian, Native Hawaiian/Pacific Islander, American Indian/Alaskan Native, and Multiracial Employees.

13.6%
BRIDGE

To support our DE&I efforts, we’re launching a curriculum of learning and training content titled BRIDGE (Belonging, Respect, Inclusion, Diversity, Generosity, and Equity), that delivers training content related to topics such as unconscious bias, inclusive leadership, and building diverse teams.

Our curriculum is designed with the needs of both our employees and clients in mind, with content widely available via Community, our internally developed social collaboration platform.
Employee Resource Groups

Diversity, equity, and inclusion are vital for Paylocity’s ability to grow and innovate in an ever-changing and evolving environment. Employee resource groups (ERGs) are an integral component of Paylocity’s commitment to help drive change in diversity, equity, and inclusion, by creating safety and security for underrepresented employees to feel valued, respected, and supported.

ERGs enable our most extraordinary resources – our employees – to influence and inspire change, strategize and drive business practices, and empower our workforce. Our ERG leadership team strives every day to ideate and collaborate as a cohesive unit to support, develop, and educate our ERG groups, so we always #LiveTheReputation.

- **pcty sheroes**
  Building a community where members connect, support, and develop in a trusting space, while celebrating empowerment and driving positive change in diversity and inclusion for women

- **pcty oneworld**
  Fostering an inclusive culture for people of all backgrounds to bring their whole self to work and assist in recruiting, developing, and retaining a diverse workforce

- **pcty virtual connect**
  Inspiring, nurturing, and connecting Paylocity’s remote employees by minimizing the miles that separate us

- **pcty equality**
  Ensuring professional development opportunities and a positive work environment for all LGBTQ+ individuals
Sustainability

Big impacts start with small actions. Paylocity operates our facilities in ways that conserve energy, water, and raw materials. Building on this foundation, Paylocity’s Sustainability employee resource group and taskforce take action to ensure PCTY operates in sustainable ways across all business activities, in support of the communities where we work and live, and to contribute to our overall business performance.
Sustainability Employee Resource Group and Taskforce

Paylocity’s Sustainability ERG is a self-organizing group of employees from across the business who share a common interest in fostering sustainable practices in both our work environment and the lives of our employees.

The Sustainability taskforce is an employee-led subset of the Sustainability ERG, formed in January 2021. It’s committed to improving sustainability at all levels of Paylocity business activities. It has two goal-oriented teams that work to solve the enterprise goals of zero waste and net-zero carbon emissions.

Move Toward Zero Waste

Goal: Progress toward zero waste from Paylocity business activities.

Phase 1 priorities: Expand recycling, centralize waste stations at offices, eliminate unnecessary swag purchases, incentivize paperless practices, and reduce food waste.

Move Toward Net-Zero Carbon Neutrality

Goal: Progress toward net-zero carbon emissions from Paylocity business activities.

Phase 1 priorities: Update travel policies and practices, including carbon offsets; implement carbon offset program for corporate travel shipping activities.
The ABCs of Sustainability (They’re All Rs)

Reduce
We’re on the lookout in every corner of our business to find ways to reduce material waste.

- Daylight harvesting systems in place result in 40% less energy used in open office workspaces and an overall 38% reduction in energy consumption.
- We help employees and clients leverage digital to minimize wasteful printing.
- We use eco-friendly office products and buy in bulk to reduce plastic.

Reuse
No one-hit wonders for us! We steer clear of single-use materials where possible.

- On average, our largest locations save over 1,200 disposable plates and 1,400 disposable cups a day.
- Our total count of plastic water bottles saved across the company exceeds 110,000 and counting!

Recycle
We believe in second chances. We try to use materials that can be repurposed.

- We pick biodegradable and recyclable materials whenever possible.
- Setting a good example is important, but we also use our influence for good with our vendors and local non-profits, to convince them to make environmentally conscious choices.
- Since 2017, we’ve diverted close to 20,000 pounds of plastic and harmful metals from landfills at our Illinois headquarters by recycling technology.

Reimagine
We see the big picture and know we can make it brighter.

- Heat map analysis helps us place new facilities for reduced carbon emissions and traffic impact.
- 90% of on-site catering comes from within a four-mile radius.
- As of 2021, the majority of office orders are from local minority or women-owned businesses.

Respect
We don’t want to be too extra – we try only to take what we need.

- We monitor events to ensure we provide only the materials we need, without excessive waste.
- We request that our vendors not provide plastic or single-use materials.
- We provide sustainable apparel and accessory choices in our swag store and work to streamline the ordering process to reduce extra waste. Swag orders are shipped carbon-neutral.

Remember
We keep in mind those whose needs are great.

- We work with vendors who also give back to the community, remembering those in need.
- We partner with organizations to give our time and resources to local charities and schools.
PCTY Gives

Our core values make Paylocity a place we’re proud to work, and those values drive us to act to be a force of good at work and in the community.

We work to empower the workforce of today and tomorrow to create a better world for everyone. So, we focus our efforts with nonprofits that promote workforce development and education/literacy for people with disabilities and disadvantaged individuals. We also support programs that focus on STEM-based learning to enhance students’ skills and opportunities.

Through PCTY Gives, we mobilize our technology, people, and resources across the country through in-kind donations, our Elevate Your Passions Grant, Volunteers in Action paid time-off, signature program funding, and more.
**Pillars and Partners**

### Maximizing Human Potential

Everyone has something unique to offer. We work to eliminate barriers to success for the differently abled, the disadvantaged, the aging workforce, veterans, and caregivers.

*Current Partners:* i.c. Stars, Aspire, YWCA Racial Justice League

### Need-Based Community Outreach

We consider ourselves very fortunate to have the fruits of our company’s success. We give back our time, talent, and treasure to help others fulfill their basic human needs for safety and security as the foundation for engaged and high-performing communities.

*Current Partners:* Blessings in a Backpack, Feeding America, Soldier’s Angels, Red Cross

### Standing up to Mental Health Stigmas

Mental health is an important people and workforce issue. We run campaigns, promote education, and advocate to become a leader of hope in all aspects of mental health awareness.

*Current Partners:* National Alliance on Mental Illness, Storybolt

### Liberating through Education

Education and literacy can unlock the doors to success. We work to eliminate gaps for disadvantaged and differently abled children, adults, and minority groups, allowing all to reach their full potential.

*Current Partners:* Big Brothers Big Sisters of America, Bernie’s Book Bank
Volunteers in Action

The purpose of Paylocity’s Volunteers in Action program is to foster a culture of giving by supporting employee volunteer opportunities that enhance and serve the communities where we live and work. All regular full-time employees have 8 hours of paid volunteer time per calendar year.

Elevate Your Passions

Our Elevate Your Passions Grant program provides an opportunity for regular Paylocity employees to nominate a nonprofit partner close to their heart to be considered for a quarterly grant. The grant serves to provide financial support to nonprofit partners within our communities, who have a special place in the hearts of our people. Each quarter, nine nonprofits with representation across the country are selected.

Peter J. McGrail Scholarship

In honor of our late CFO, Peter J. McGrail, we’ve established a scholarship program to advance education among the next generation. In keeping with Peter’s passion for learning, this program helps offset the cost of college education. The scholarship is open to dependent children of employees who’ve completed at least two years of continuous service with Paylocity.

Signature Programs

- Elevate Your Passions Grant
- Volunteer in Action Hours
- Forward4Minds Awareness
- Walk/Run Campaign
- Match for a Mission
- PCTY Responds Disaster Relief Fund
- Members of Boston College’s Professional Services Sustainability Roundtable
Awards and Recognition

There’s no academy to thank, but we thank all our rock star employees and clients for helping us feel like a million bucks every day. Hearing stories of how we’ve helped clients save time and money or that we’ve created a crave-worthy employee experience keeps us going ... but the occasional recognition sure is nice, too!

We constantly innovate the products we offer and the workplace we build, with your people and our people in mind. These awards are just icing on the cake!

**Great Place to Work**
- Certified: 2022, 2021, 2020, 2019

**Employees’ Choice Top CEOs**
- Glassdoor: 2021, 2019
- Top CEO During COVID: 2020

**Highest Rated Cloud Companies to Work For**
- Battery: 2019, 2018

**Chicago’s Best and Brightest Companies to work For**

**ATD Top 100 Best**
- Top 100 Best Award: 2021

**50 Best Companies to Sell For**

**Best Place to Work**

**Top 100 Remote Work**
- Flexjobs top 100 Company to Watch for Remote Jobs in 2021
Governance

At Paylocity, we also believe in responsible corporate governance, which is driven from the top down by both our Executive Management Team and Board of Directors. Both are committed to creating long-term value for our company and shareholders, while always promoting transparency and adhering to the highest ethical values.

Governance and Related Policies

- Insider Trading Policy
- Code of Business Conduct
- Corporate Governance Guidelines
- Related Party Transactions Policy
- Corporate Disclosure Policy
- Nominating and Corporate Governance Committee Charter
- Compensation Committee Charter
- Audit Committee Charter
## Paylocity Board of Directors

### Members
- **9** Members
- **7** Independent Members

### Average Tenure (Years)
- **6**

### Committees
- **3**

Nine Board members, two of whom are women, two of whom are non-white

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### Leadership
Chairman of the Board and Chief Executive Officer are separate individuals

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### Board Committees

<table>
<thead>
<tr>
<th></th>
<th>Audit Committee</th>
<th>Compensation Committee</th>
<th>Nominating and Corporate Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia G. Breen</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td>Ellen Carnahan</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td>Jeffrey T. Diehl</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td>Robin L. Pederson</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td>Andres D. Reiner</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td>Kenneth B. Robinson</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td>Ronald V. Waters III*</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
</tbody>
</table>

*Chair  Member  Lead Independent Director
Information Security

How We Protect Client Data

Delivering a seamless experience to our customers’ employees requires us to have access to very important and sensitive data. That’s a huge responsibility we take very seriously, and it’s why we embed security into all we do. We also keep our customer at the center of our decisions, the technology we build, the infrastructure we use, and the way we train and hire our people.

“At Paylocity, we view the protection of our clients’ sensitive data as a top priority. As part of these efforts, we’re continually investing in our information security and data privacy teams, as well as advanced application security and infrastructure security platforms.”

–Mitch Hood, VP of IT Operations and CISO
See How We Do It

Security Controls and Practices

A lot of different steps and procedures go into creating a culture and environment of security so your information stays where it belongs. Read about some of the many things we do to protect that precious data — yours and ours.

Information Security Controls Overview

Prepared for the Unexpected

We don’t have a crystal ball to tell us when events that could disrupt business will happen. However, our business continuity and disaster recovery plans ensure we’re prepared to keep your business running.

Business Continuity & Disaster Recovery Overview

There’s More. A Lot More.

Compliance

Enjoy the feelings of confidence and peace of mind when you partner with us for your all-in-one HR and payroll solution, knowing we have your back when it comes to laws and standards related to security.

Learn More

Securing Your Data

The security and integrity of your data are our highest priorities. We regularly maintain, review, and test recovery plans and use advanced monitoring technologies at all levels of our applications and infrastructure.

Learn More

People and Process

Our people and processes are at the heart of our security culture. We ensure every Paylocity employee undergoes comprehensive training so our clients’ security is our No. 1 priority in everything we do.

Learn More
Certifications

ISO 27001:2013 Certified
Paylocity has certification for compliance with ISO 27001:2013. This certification is performed by an independent third-party auditor. Our compliance with this internationally recognized standard is evidence of our commitment to information security at every level of our organization, and that Paylocity’s security program is in accordance with industry leading best practices.

SSAE 18 Audit
Paylocity uses a reputable independent accounting firm to perform an assessment of our procedures and controls as part of our annual SSAE 18 audit for SOC 1 and SOC 2. Each control is tested and the results reviewed by senior management.

HIPPA
Paylocity has completed all necessary requirements and activities for compliance with HIPAA as it relates to safeguarding the privacy of personal health information as shown by our independent third-party audit.

GDPR
Paylocity has aligned with GDPR compliance obligations and monitors the compliance landscape abroad as well as at the national and state level.